

**RAPIDES PARISH LIBRARY**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-20-07

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April 19, 2007

### Independent Auditors' Report

To the Board of Control  
Rapides Parish Library

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Rapides Parish Library, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Rapides Parish Library's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rapides Parish Library, as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

**-Members-**

American Institute of Certified Public Accountants • Society of Louisiana CPAs

***Rapides Parish Library***

***April 19, 2007***

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In accordance with *Government Auditing Standards*, we have also issued a report dated April 19, 2007, on our consideration of the Rapides Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **RAPIDES PARISH LIBRARY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

***December 31, 2006***

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This section of the annual financial report presents our discussion and analysis of the Rapides Parish Library's financial performance during the fiscal year ended December 31, 2006.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Rapides Parish Library's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the Rapides Parish Library as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Rapides Parish Library's assets and all of the its liabilities. All of the Library's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes, grants, and investment income.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Rapides Parish Library's most significant activities and are not intended to provide information for the Library as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Rapides Parish Library's funds are Governmental Funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the Rapides Parish Library's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

### **FINANCIAL ANALYSIS OF THE RAPIDES PARISH LIBRARY AS A WHOLE**

An analysis of the government-wide Statement of Net Assets is presented as follows:

# **RAPIDES PARISH LIBRARY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2006**

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	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
<b><u>Assets:</u></b>		
Cash and Cash Equivalents	\$ 1,219,963	\$ 1,035,028
Receivables	2,845,230	2,708,262
Other Assets	3,686	—
Capital Assets	3,718,197	3,835,277
Total Assets	<u>7,787,076</u>	<u>7,578,567</u>
<b><u>Liabilities:</u></b>		
Accounts Payable	49,613	25,525
Deferred Revenue	80,281	34,510
Contingent Liabilities	49,566	49,566
Accrued Leave	68,223	67,475
Total Liabilities	<u>247,683</u>	<u>177,076</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets	3,718,197	3,835,277
Restricted For:		
Permanent Endowment Fund	63,541	62,541
Library Collection Acquisition	17,753	15,406
Unrestricted	3,739,902	3,488,267
Total Net Assets	<u>\$ 7,539,393</u>	<u>\$ 7,401,491</u>

As the presentation appearing above demonstrates, a substantial portion of the Rapides Parish Library's net assets (49.6%) are unrestricted and may be used to meet the Rapides Parish Library's ongoing obligations. In addition, a large portion of the net assets (49.3%) are invested in capital assets. The remaining net assets are restricted as described below:

### **Permanent Endowment Fund:**

A portion of the Library's net assets (0.8%), are subject to permanent restrictions imposed by the donors that provided the resources. These permanently restricted net assets are held in an endowment fund. The original contributions to the endowment fund must be maintained perpetually and only the investment income from the endowment fund is available for expenditures. Investment income from the endowment is used to finance the acquisition of library collection items.

### **Library Collection Acquisition:**

A portion of the net assets (0.3%) are attributable to investment income earned by the endowment fund. These resources are available for the future acquisition of library collection items.

An analysis of the government-wide Statement of Activities is presented as follows:

# **RAPIDES PARISH LIBRARY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2006**

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	For the Year Ended December 31,	
	2006	2005
<b><u>Revenues:</u></b>		
Program Revenue:		
Charges for Services	\$ 76,937	\$ 83,018
Operating Grants and Contributions	99,301	108,564
Capital Grants and Contributions	11,682	—
General Revenue:		
Property Taxes	2,975,729	2,817,821
Revenue Sharing	168,686	162,985
Investment Income	73,006	52,902
Other	35,351	23,503
Total Revenue	<u>3,440,692</u>	<u>3,248,793</u>
<b><u>Program Expenses:</u></b>		
Library Services	<u>3,303,790</u>	<u>3,153,812</u>
Change in Net Assets – Before Special Items and		
Endowment Contributions	136,902	94,981
Endowment Contributions	1,000	—
Special Item – Donation of Facilities	—	770,000
Change in Net Assets	<u>137,902</u>	<u>864,981</u>
Net Assets Beginning	<u>7,401,491</u>	<u>6,536,510</u>
Net Assets Ending	<u>\$ 7,539,393</u>	<u>\$ 7,401,491</u>

As the accompanying presentation demonstrates, the Library has experienced favorable financial trends. Net assets have increased by \$137,902 representing an improvement of 1.9% over the net asset balance for the previous year.

### **FINANCIAL ANALYSIS OF THE RAPIDES PARISH LIBRARY'S FUNDS**

For the year ended December 31, 2006, governmental fund balances increased by \$255,730. Differences between the increase in fund balances and the increase in government-wide net assets are attributable to excluding capital assets and long-term liabilities from the fund financial statements.

### **BUDGET HIGHLIGHTS**

For the year ended December 31, 2006, revenue exceeded budgeted amounts by \$213,953. In addition, expenditures were under budget by \$308,430 and budget amendments were limited to transferring budgeted expenditures from one category to another. Overall appropriations did not increase.

# **RAPIDES PARISH LIBRARY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2006**

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### **CAPITAL ASSET ADMINISTRATION**

Except for the purchase of a new bookmobile, capital asset acquisitions were limited primarily to ordinary additions to and replacement of library collection items. Remaining additions were attributable to minor improvements to facilities and miscellaneous equipment acquisitions.

### **DEBT ADMINISTRATION**

Long-term debt activity was limited to changes in employee accrued leave balances. The Library's obligation to provide accrued leave to the staff was the only debt outstanding at year end.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

On September 30, 2006, the voters of Rapides Parish approved an additional one mill of property tax to support the Library System. A portion of the additional income will be used to enhance and expand library facilities.

# **Rapides Parish Library**

## **Statement of Net Assets**

**December 31, 2006**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 1,219,963
Receivables (net)	2,845,230
Other Assets	3,686
Capital Assets	
Land	376,410
Depreciable Capital Assets	<u>3,341,787</u>
<b>Total Assets</b>	<u><b>7,787,076</b></u>
 <b><u>LIABILITIES</u></b>	
Accounts Payable	49,613
Deferred Revenues	80,281
Contingent Liabilities	49,566
Accrued Leave	<u>68,223</u>
<b>Total Liabilities</b>	<u><b>247,683</b></u>
 <b><u>NET ASSETS</u></b>	
Investment in Capital Assets	3,718,197
Restricted for:	
Permanent Endowment Fund (Nonexpendable)	63,541
Library Collection Acquisitions (Expendable)	17,753
Unrestricted	<u>3,739,902</u>
<b>Total Net Assets (deficit)</b>	<u><b>\$ 7,539,393</b></u>

The accompanying notes are an integral part of the financial statements.

# **Rapides Parish Library**

## **Statement of Activities**

**For the Year Ended December 31, 2006**

	<u>Governmental Activities</u>
Expenses:	
Library Services	
Payroll	\$ 1,554,847
Benefits	516,455
Insurance	16,191
Materials and Supplies	267,422
Rent and Lease Expense	28,857
Repairs and Maintenance	108,807
Utilities and Telephone	183,987
Depreciation	566,677
Other Expenses	<u>60,547</u>
Total Expenses	3,303,790
Program Revenues:	
Charges for Services	76,937
Operating Grants and Contributions	99,301
Capital Grants and Contributions	<u>11,682</u>
Net Expenses	<u>3,115,870</u>
General Revenues:	
Property Taxes (net)	2,975,729
Revenue Sharing	168,686
Investment Income	73,006
Other	<u>35,351</u>
Total General Revenues	<u>3,252,772</u>
Change in Net Assets, Before Contributions to Endowment Fund	136,902
Endowment Contributions	<u>1,000</u>
	137,902
Change in Net Assets	
Net Assets - Beginning	<u>7,401,491</u>
Net Assets - Ending	<u>\$ 7,539,393</u>

The accompanying notes are an integral part of the financial statements.

# **Rapides Parish Library**

## **Balance Sheet - Governmental Funds**

**December 31, 2006**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 1,142,531	\$ 77,432	\$ 1,219,963
Receivables (net)	2,841,368	3,862	2,845,230
Other Assets	3,686	-	3,686
<b>Total assets</b>	<b>\$ 3,987,585</b>	<b>\$ 81,294</b>	<b>\$ 4,068,879</b>
<b><u>Liabilities and Fund Balance</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 49,613	\$ -	\$ 49,613
Deferred Revenues	80,281	-	80,281
Contingent Liabilities	49,566	-	49,566
<b>Total liabilities</b>	<b>179,460</b>	<b>-</b>	<b>179,460</b>
<b><u>Fund Balance</u></b>			
Unreserved			
Designated for Bookmobile and Automation	487,150	-	487,150
Undesignated, Reported in			
General Fund	3,320,975	-	3,320,975
Special Revenue Fund	-	17,753	17,753
Permanent Fund (Nonexpendable)	-	63,541	63,541
<b>Total Fund Balances</b>	<b>3,808,125</b>	<b>81,294</b>	<b>3,889,419</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,987,585</b>	<b>\$ 81,294</b>	<b>\$ 4,068,879</b>

The accompanying notes are an integral part of the financial statements.

## **Rapides Parish Library**

### **Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets**

**Year Ended December 31, 2006**

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Total Fund Balances - Governmental Funds	\$ 3,889,419
Amounts reported for governmental activities in the statement of net assets are different because:	
Accrued leave is a long term liability that is not due and payable in the current period. Accordingly, accrued leave is not reported in the Governmental Fund Balance Sheet	(68,223)
Capital assets used in governmental activities are not financial resources and therefore the following amounts are not reported in the funds.	
Land	376,410
Depreciable Capital Assets	<u>3,341,787</u>
Net Assets of Governmental Activities	<u>\$ 7,539,393</u>

The accompanying notes are an integral part of the financial statements.

## **Rapides Parish Library**

### **Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2006**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes (net)	\$ 2,975,729	\$ -	\$ 2,975,729
Revenue Sharing	168,686	-	168,686
Investment Income	70,372	2,634	73,006
Other	223,271	1,000	224,271
<b>Total revenues</b>	<b>3,438,058</b>	<b>3,634</b>	<b>3,441,692</b>
<b><u>Expenditures:</u></b>			
<b>Library Services (Current)</b>			
Payroll	1,554,099	-	1,554,099
Benefits	516,455	-	516,455
Insurance	16,191	-	16,191
Materials and Supplies	267,422	-	267,422
Rent and Lease Expense	28,857	-	28,857
Repairs and Maintenance	108,807	-	108,807
Utilities and Telephone	183,987	-	183,987
Other Expenses	60,547	-	60,547
<b>Capital Expenditures</b>			
Buildings and Equipment	75,686	-	75,686
Library Collection	373,624	287	373,911
<b>Total expenditures</b>	<b>3,185,675</b>	<b>287</b>	<b>3,185,962</b>
<b>Net Change in Fund Balances</b>	<b>252,383</b>	<b>3,347</b>	<b>255,730</b>
<b>Fund balance - Beginning of Year</b>	<b>3,555,742</b>	<b>77,947</b>	<b>3,633,689</b>
<b>Fund balance - End of Year</b>	<b>\$ 3,808,125</b>	<b>\$ 81,294</b>	<b>\$ 3,889,419</b>

The accompanying notes are an integral part of the financial statements.

## **Rapides Parish Library**

### **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended December 31, 2006**

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Net change in fund balances of Governmental Funds \$ 255,730

Amounts reported for governmental activities in the statement of  
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over  
estimated useful lives and reported as depreciation expense. This is the  
amount by which depreciation in the current period exceeded capital  
outlays. (117,080)

Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as  
expenditures by governmental funds. (748)

Change in net assets of governmental activities \$ 137,902

The accompanying notes are an integral part of the financial statements.

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Rapides Parish Library has been established under Louisiana Law in order to maintain a collection of books, periodicals, audio recordings, video recordings, and other media for the benefit of the Parish's citizens. The collection is made available to the public at branches located throughout Rapides Parish. In addition, bookmobile and red carpet services are provided for patrons that do not have convenient access to the branch network. The Rapides Parish Library is governed by the Board of Control, which is appointed by the Rapides Parish Police Jury.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the reporting entity to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Rapides Parish Library is a component unit of the Rapides Parish Police Jury. The accompanying component unit financial statements present information only on the funds maintained by the Rapides Parish Library and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

#### **Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the Rapides Parish Library's

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

The government-wide and fund financial statements present the Rapides Parish Library's financial position and results of operations from differing perspectives which are described as follows:

### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Rapides Parish Library as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, contributions to specific programs, and most grants.

### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The Rapides Parish Library's only major fund is the general fund, which is the primary operating fund and it is used to account for all resources, except those required to be accounted for in other funds.

### **Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is generally considered available if it is collected within 60 days of year end or may otherwise be available to finance current expenditures. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

### **Use of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Budget Practices**

The Board of Control adopts annual budgets for the general fund and each special revenue fund in the manner prescribed by State Law. These budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles.

### **Capital Assets**

Capital assets include buildings, equipment, vehicles and portions of the Library's collection that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciated is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives range from 5 to 40 years depending on the nature of the capital asset.

### **Cash**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

### **Deferred Revenues**

Amounts received from grants and other sources that do not currently meet criteria for recognition as revenue are reported as deferred revenues. These amounts remain in deferred revenues until revenue recognition criteria are met or the funds are returned to the source.

### **Accrued Leave**

The Library's employees earn from 80 to 160 hours of vacation pay annually depending upon job classification and length of employment. Unused vacation time that an employee may carry forward to the next year is limited to the amount that the employee is eligible to earn in a single year.

## **NOTE 2 – PROPERTY TAXES**

Property taxes are assessed based on values determined by the Rapides Parish Tax Assessor. These taxes are billed and collected on behalf of the Library by the Rapides Parish Sheriff's Office. For the year ended December 31, 2006, the Library has levied property taxes as follows:

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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	<u>Millage</u>	<u>Expiration</u>
Parish-wide Tax for improving, constructing, maintaining and operating public libraries in the Parish	6.08	2014

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

The Rapides Parish Library's cash balances at December 31, 2006 are summaries as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Petty Cash	\$ 610	\$ ---	\$ 610
Demand Deposits	564,771	13,892	578,663
Certificates of Deposit	577,150	63,540	640,690
Total	<u>\$ 1,142,531</u>	<u>\$ 77,432</u>	<u>\$ 1,219,963</u>

Deposits in financial institutions totaled \$1,274,241 (collected book balance). These deposits are secured from risk by \$442,848 in Federal Deposit Insurance and pledged securities with a market value of \$3,072,855. The pledged securities are held by a custodial bank in the name of the pledging institution (fiscal agent). However, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

The Rapides Parish Library limits credit risk by requiring pledged securities in the manner described above. In addition, interest rate risk is minimized by acquiring only those certificates of deposit that have an original maturity of two years or less.

### **NOTE 4 - RECEIVABLES**

Receivables are reported net of fees and other statutory amounts withheld by agencies responsible for collecting taxes. In addition, property taxes receivable have been reported net of a reserve for uncollectible taxes. The reserve balance of \$79,608, was determined by management based on collection experience. Receivables at year end are summarized as follows:

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 2,728,929	\$ ----	\$ 2,728,929
Revenue Shearing	112,439	----	112,439
Total Due from Other Governmental Units	2,841,368	----	2,841,368
Accrued Interest	----	3,862	3,862
Total	<u>\$ 2,841,368</u>	<u>\$ 3,862</u>	<u>\$ 2,845,230</u>

### **NOTE 5 – CAPITAL ASSETS**

A summary of the Rapides Parish Library's capital assets is provided as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 376,410	\$ ----	\$ ----	\$ 376,410
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	2,460,684	----	----	2,460,684
Equipment	1,486,767	49,485	----	1,536,252
Vehicles	129,645	36,201	37,940	127,906
Library Collection	3,923,236	373,910	295,416	4,001,730
Improvements in Process	16,874	----	10,000	6,874
Less Accumulated Depreciation	(4,558,339)	(566,676)	(333,356)	(4,791,659)
Total Subject to Depreciation	<u>3,458,867</u>	<u>(107,080)</u>	<u>10,000</u>	<u>3,341,787</u>
Total Net of Depreciation	<u>\$ 3,835,277</u>	<u>\$ (107,080)</u>	<u>\$ 10,000</u>	<u>\$ 3,718,197</u>

### **NOTE 6 – PAYABLES**

Accounts payable at year end are summarized as follows:

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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Accounts Payable to Venders	\$ 43,849
Accrued Wages	3,526
Payroll Withholding	<u>2,238</u>
Total Payables	<u>\$ 49,613</u>

### **NOTE 7 – CONTINGENT LIABILITIES**

Certain property owners have paid taxes under protest. Accordingly, legal proceedings will be necessary to determine whether it is necessary to refund a portion of the taxes paid under protest. In order to provide a reserve for potential refunds, a contingent liability in the amount of \$49,566 has been established. The amount was determined based on previous experience with taxes paid under protest.

### **NOTE 8 – ACCRUED LEAVE**

Long-term liabilities are limited to accrued leave earned by Library employees. Resources provided by the general fund are used to liquidate the accrued leave balances. Accrued leave balances and activity are presented as follows:

Beginning Balance	\$ 67,475
Net Increase (Decrease)	<u>748</u>
Ending Balance	<u>\$ 68,223</u>

### **NOTE 9 – DONOR RESTRICTED ENDOWMENTS**

The Rapides Parish Library has been awarded funds that are subject to permanent restrictions imposed by donors. Under these arrangements, the original contributions must be maintained perpetually and income earned from the investment of the endowment may be used to acquire library collection items. Accordingly, an permanent fund has been established to account for the original endowment and a special revenue fund has been established to account for investment income attributable to the endowment. Details related to each fund are provided as follows:

	<u>Endowment Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 63,541	\$ 13,891	\$ 77,432
Receivables (Accrued Interest)	<u>—</u>	<u>3,862</u>	<u>3,862</u>
Fund Balance	<u>\$ 63,541</u>	<u>\$ 17,753</u>	<u>\$ 81,294</u>

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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The endowment fund is invested in certificates of deposit and interest earned by the certificates is recorded as income by the special revenue fund.

### **NOTE 10 - RISK MANAGEMENT**

The Rapides Parish Library is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Rapides Parish Library insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

In order to avoid the excessive cost of obtaining commercial insurance coverage, the Rapides Parish Library has elected to forego insurance coverage for errors and omissions. Furthermore, the Rapides Parish Library has elected to indemnify its board members for any errors and omissions claims that they may experience in connection with their service as a board member. The Rapides Parish Library has not experienced any errors and omissions claims since electing to forego insurance coverage.

### **NOTE 11 – OPERATING LEASES**

The Rapides Parish Library has acquired certain facilities and office equipment necessary for operations by executing lease agreements. The obligation for future minimum rental payments under these rental arrangements is presented as follows:

2007	\$ 19,740
2008	16,975
2009	15,000
2010	15,000
2011	15,000
2012 - 2016	<u>30,000</u>
Total Future Minimum Rental Payments	<u>\$ 111,715</u>

### **NOTE 12 – RETIREMENT PLAN**

Substantially all employees of the Rapides Parish Library are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the library are members of Plan A

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Employees who retire at or after age 60 with at

# **RAPIDES PARISH LIBRARY**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

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least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Members are required by state statute to contribute 9.5% of their annual covered salary and the library is required to contribute at an actuarially determined rate. The current rate is 11.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the library are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The library's contributions to the System for the years ending 2006, 2005 and 2004 were \$168,541, \$169,380, and \$151,706, respectively. These contributions were equal to the required contributions for each year.

### **NOTE 13 – POST EMPLOYMENT BENEFITS**

The Rapides Parish Library provides certain continuing health care benefits to for retired employees. These benefits typically become available when employees reach normal retirement age. The cost of providing these benefits is recognized as an expenditure when the monthly premiums are due. For the year ended December 31, 2006 expenditures totaled \$61,930 for 4 retirees.

## **Rapides Parish Library**

### ***Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund Budget and Actual For the Year Ended December 31, 2006***

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b><u>Revenues:</u></b>				
Property Taxes	\$ 2,784,785	\$ 2,784,785	\$ 2,975,729	\$ 190,944
Revenue Sharing	162,000	162,000	168,686	6,686
Investment Income	51,500	51,500	70,372	18,872
Other	225,820	225,820	223,271	(2,549)
<b>Total revenues</b>	<u>3,224,105</u>	<u>3,224,105</u>	<u>3,438,058</u>	<u>213,953</u>
<b><u>Expenditures:</u></b>				
Library Services				
Payroll	1,605,459	1,605,459	1,554,099	51,360
Benefits	531,000	531,000	516,455	14,545
Insurance	17,650	17,650	16,191	1,459
Materials and Supplies	238,250	318,655	267,422	51,233
Rent and Lease Expense	35,054	35,054	28,857	6,197
Repairs and Maintenance	203,537	169,917	108,807	61,110
Utilities and Telephone	174,869	180,632	183,987	(3,355)
Other Expenses	223,986	171,246	60,547	110,699
Capital Expenditures				
Building and Equipment	55,800	55,992	75,686	(19,694)
Library Collection	408,500	408,500	373,624	34,876
<b>Total expenditures</b>	<u>3,494,105</u>	<u>3,494,105</u>	<u>3,185,675</u>	<u>308,430</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(270,000)	(270,000)	252,383	522,383
<b>Fund balance - beginning of year</b>	<u>3,555,742</u>	<u>3,555,742</u>	<u>3,555,742</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 3,285,742</u>	<u>\$ 3,285,742</u>	<u>\$ 3,808,125</u>	<u>\$ 522,383</u>

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA  
RETIRED - 2005

April 19, 2007

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Control  
Rapides Parish Library

We have audited the financial statements of the Rapides Parish Library, as of and for the year ended December 31, 2006, and have issued our report thereon dated April 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Rapides Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Rapides Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **RAPIDES PARISH LIBRARY**

## ***SCHEDULE OF FINDINGS AND QUESTIONED COST For the Year Ended December 31, 2006***

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditors' Report on the basic financial statements of the Rapides Parish Library as of December 31, 2006 and for the year then ended expressed an unqualified opinion.
- The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit disclosed an instances of noncompliance that is presented in Part II of the Schedule of Findings and Questioned Cost.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None

# **RAPIDES PARISH LIBRARY**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

***For the Year Ended December 31, 2006***

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<b>SECTION I</b> <b>Internal Control And Compliance Material To The Financial Statements.</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b>SECTION II</b> <b>Internal Control And Compliance Material To Federal Awards</b>	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<b>SECTION III</b> <b>Management Letter</b>	
No management letter was issued with this report.	Response – N/A

# **RAPIDES PARISH LIBRARY**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST For the Year Ended December 31, 2006**

<b>SECTION I</b> <b>Internal Control And Compliance Material To The Financial Statements.</b>	
<b><u>2005-1: INVESTMENT POLICY</u></b> The Rapides Parish Library has not adopted an investment policy as required by RS 33:2955. Accordingly we suggest adopting a policy that includes the following features: <ul style="list-style-type: none"><li>• Reflect the mandate to manage public funds prudently.</li><li>• Place appropriate emphasis on the goals of safety of principal first, liquidity second, and yield third.</li><li>• Establish controls to limit risk associated with derivative instruments.</li></ul>	<b><u>Resolved:</u></b> The Rapides Parish Library has adopted the required investment policy.
<b>SECTION II</b> <b>Internal Control And Compliance Material To Federal Awards</b>	
No findings of this nature were reported as a result of the previous audit.	Response – N/A
<b>SECTION III</b> <b>Management Letter</b>	
No management letter was issued with the previous audit.	Response – N/A